APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/710,611	07/23/2004	Lee J. Peart	03292.101090.5	4610

66569　　　7590　　　10/17/2007
FITZPATRICK CELLA (AMEX)
30 ROCKEFELLER PLAZA
NEW YORK, NY 10112

EXAMINER
CHAI, LONGBIT

ART UNIT	PAPER NUMBER
2131	

MAIL DATE	DELIVERY MODE
10/17/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

		Application No.	Applicant(s)
Office Action Summary		10/710,611	PEART ET AL.
		Examiner	Art Unit	
		Longbit Chai	2131	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on <u>02 May 2005</u>.

2a)☐ This action is **FINAL**.   2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) <u>1-20</u> is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) <u>1-20</u> is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on <u>23 July 2004</u> is/are: a)☒ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All   b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☒ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date <u>5/2/2005</u>.

4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.

5)☐ Notice of Informal Patent Application

6)☐ Other: _____.

DETAILED ACTION

Priority

1.   Applicant's claim for benefit of Continuing Application priority date under 35 U.S.C. 120 is acknowledged.

The application is filed on 7/23/2004 but is a Continuation-In-Part of Application number 10/192,488 filed on 7/9/2002.

Claim Objections

2.   Claim 8 is objected to because of the following informalities: (a) "authentication result t in accordance" as recited should be replaced with "authentication result in accordance" and (b) "1st application" should be replaced with "the first application". Appropriate correction(s) is (are) required.

3.   Claim 12 is objected to because of the following informalities: "is not authenticated" as recited should be replaced with "is authenticated" in order to authorize the transaction request. Appropriate correction(s) is (are) required.

4.   Claim 14 is objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim 13 because a second cryptogram application is received as recited in claim 13; however, claim 14 recites no second cryptogram application is received. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

5.   Regarding claims 8 – 14, the use of the phrase "may be" renders these claims indefinite,

since this phrase leads to a question of whether the claimed operations really occurred and as

such merely suggests limitations or makes limitations indefinite and optional.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

A person shall be entitled to a patent unless –

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

6.   Claims 1 – 20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Linehan

(U.S. Patent 7,103,575), in view of Vuong et al. (U.S. Patent 2003/0195037).

As per claim 1, Linehan teaches a method for securing a transaction initiated with a

proximity (Vuong : see below) integrated circuit (PIC) transaction device (Linehan : Column 1

Line 8 – 17) comprising:

a. selecting an application data with the highest priority from amongst the plurality of

applications stored on a PIC transaction device database (Linehan : Column 6 Line 24 – 44,

Column 9 Line 21 – 24 / Line 25 – 41: (a) a list of process functions is interpreted as a part of

the application data and (b) the merchant system preferably selects the on-line authorization as

the highest priority based on the hierarchical ordering of the payment applications – i.e. instead,

off-line authorization may not be necessary and not supported because the consumer's PC

can't be trusted sufficiently), the selected application data being supported by the PIC

transaction device and a PIC transaction device reader (Linehan : Column 10 Line 26 – 28), the

application data including a list of process functions to perform and a list of transaction issuer

predetermined transaction processing rules (Linehan : Column 6 Line 24 – Column 7 Line 15);

   b. authenticating the PIC transaction device using Offline Data Authentication (ODA)

(Linehan : Column 9 Line 25 – 30: ODA is disclosed and can be used and performed for

transactions involving small amount of money);

   c. determining multiple merchant risk management factors using at least one of the

plurality of application data (Linehan : Column 8 Line 15 – 21);

   d. determining multiple issuer risk management factors using at least one of the plurality

of application data (Linehan : Column 13 Line 41 – 48); and

   e. determining the transaction disposition of a transaction request, the transaction

request disposition detailing whether to process a transaction for authorization offline,

authorization online, no authorization offline (Linehan : Column 6 Line 24 – 44 and Column 9

Line 25 – 41), the determination the transaction request disposition being performed by

analyzing at least one of the results of ODA, the list of transaction issuer predetermined

transaction processing rules, the merchant risk management factors, and a set of merchant

predetermined transaction processing rules (Linehan : Column 9 Line 25 – 30, Column 8 Line

15 – 21, Column 13 Line 41 – 48 and Column 6 Line 24 – 44).

Linehan teaches a method for securing a transaction initiated with a integrated circuit

(PIC) transaction device (Linehan : Column 1 Line 8 – 17). However, Linehan does not

disclose expressly the proximity integrated circuit (PIC) transaction device.

Vuong teaches a proximity integrated circuit (PIC) transaction device (Vuong : Para

[0014] and Para [0015]).

It would have been obvious to a person of ordinary skill in the art at the time the

invention was made to combine the teaching of Vuong within the system of Linehan because (a)

Linehan teaches a method for securing a transaction initiated with a integrated circuit (PIC)

transaction device (Linehan : Column 1 Line 8 – 17, and (b) Vuong teaches an alternative

method for securing a transaction initiated with a proximity integrated circuit (PIC) transaction

device such as a RFID circuit (Vuong: Vuong : Para [0014] / Para [0015] and Abstract).

As per claim 8, the claim limitations are met as the same reasons as that set forth in the

paragraph above regarding to claim 1 with the exception of the following features of (g) and (i):

(g). receiving at the merchant system a list of PIC transaction device management rules

from the PIC transaction device (Linehan : Column 6 Line 59 – 67); and

(i). receiving of a first cryptogram application at the merchant system, the first

cryptogram application being received in response to a 1st application request provided from

the merchant system to the PIC transaction device, the first cryptogram being one of a

transaction certificate (TC) (Linehan : Figure 3B & Column 10 Line 60 – 64, Column 8 Line 61 –

63 and Column 3 Line 21 – 27) to indicate that the transaction request may be completed

online, an application request cryptogram (ARQC) (Linehan : Column 8 Line 41) to indicate that

the transaction is to be completed online, an application authentication cryptogram (AAC)

(Linehan : Column 8 Line 59 – 65) to indicate that the transaction request is to be declined

(Linehan : Column 11 Line 1 – 33 and Figure 3B / Element 310). See the same rationale of combination applied herein as above in rejecting the claim 1.

As per claim 2 and 4, Linehan as modified teaches authenticating the plurality of PIC application data offline (Linehan : Column 9 Line 25 – 39).

As per claim 3, Linehan as modified teaches authorizing the transaction request online (Linehan : Column 8 Line 47 – 58).

As per claim 5, Linehan as modified teaches authenticating the transaction device issuer online (Linehan : Column 8 Line 63 – 65).

As per claim 6, Linehan as modified teaches authorizing the transaction request by requesting a second application data from the plurality of application data (Linehan : Column 7 Line 26 – 28).

As per claim 7, Linehan as modified teaches receiving a response to a request for transaction device issuer authentication online, using the response to the request for authorization of the transaction device issuer to determine the disposition of the transaction request (Linehan : Column 7 Line 26 – 28: determine the disposition of the transaction request (declined or acceptable) based upon a response to a request for transaction device issuer authentication online).

As per claim 9, Linehan as modified teaches transmitting of the first cryptogram application, a portion of a dataset used to generate the first cryptogram, and the first offline authentication result to a PIC transaction device issuer for online authorization (Linehan : Figure 5 & Column 7 Line 63 – Column 8 Line 8 and Column 8 Line 38 – 58: (a) ARQC is the first cryptogram (b) off-line PIN used for smart card can also be used for on-line authorization).

As per claim 10, Linehan as modified teaches validating the first cryptogram to authenticate the PIC transaction device at a PIC transaction device issuer, the PIC transaction device issuer providing an issuer authorization response to the merchant system (Linehan : Figure 5 / Element 530b & 531a).

As per claim 11, Linehan as modified teaches authorizing the transaction request in accordance with the issuer authorization response (Linehan : Figure 5 and Column 8 Line 63 – 65).

As per claim 12 and 14, Linehan as modified teaches authorizing the transaction request at the merchant system when the cryptogram is not authenticated by a PIC transaction device issuer (Linehan : Column 9 Line 25 – 30: the terminal and card can authorize the transaction request in off-line authorization w/o the involvement of a PIC transaction device issuer).

As per claim 13, Linehan as modified teaches receiving a second cryptogram application at the merchant system, the second cryptogram application being provided by the PIC transaction device in response to a second cryptogram application request from the merchant system (Linehan : Figure 5 / Element 532a: a transaction certificate (TC) is the 2nd cryptogram provided by the card).

As per claim 15 – 20, the claim limitations encompass the same scope at least as recited in claim 1 – 7, as taught by Linehan.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Longbit Chai whose telephone number is 571-272-3788. The examiner can normally be reached on Monday-Friday 9:00am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Ayaz R. Sheikh can be reached on 571-272-3795. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Longbit Chai
Patent Examiner
Art Unit 2131
10/2/2007